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C O N F I D E N T I A L SECTION 01 OF 02 SINGAPORE 000085

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SUBJECT: SENIOR MINISTER GOH ON REGIONAL TRENDS AND OUR BILATERAL RELATIONS

Classified By: Ambassador Patricia L. Herbold for reasons 1.4 (b)

¶1. (U) Summary. During the Ambassador's introductory call on Senior Minister (SM) Goh Chok Tong, she and the SM reviewed the status of the bilateral relationship, explored possible areas for future collaboration such as a Mutual Legal Assistance Treaty, and discussed a range of issues including the war in Iraq, the cross-strait situation, and combating radical Islam without alienating broader Muslim communities. End summary.

Bilateral Relations

¶2. (U) The Ambassador, asked for her first impressions of Singapore, noted the strength of our bilateral relationship and pointed specifically to our close cooperation on trade and security affairs. She thanked the SM in particular for Singapore's continued support for the war in Iraq, as well as its early and enthusiastic participation in the Proliferation Security Initiative (PSI). The SM concurred with her assessment, and highlighted our excellent counter-terrorism cooperation. He noted that he would like to identify new areas for us to work on, and asked the Ambassador for suggestions on how our relationship could be improved. The Ambassador pointed to a possible Mutual Legal Assistance Treaty (MLAT) as an issue she hoped to move forward. She also noted the upcoming second review of the Free Trade Agreement (FTA) was an opportunity to move ahead on trade and investment, and the SM agreed.

¶3. (U) The Ambassador also asked about the government's plans for addressing money-laundering once casinos open here. The SM agreed that the casinos would be a potential money-laundering conduit, and assured the Ambassador that Singapore has considered this carefully and "intends to be very strict on money-laundering." He acknowledged that it is inevitable that the casinos will increase social problems such as compulsive gambling, but said that, with vigilance and proper regulation, they could be minimized.

Iraq

¶4. (SBU) Ambassador Herbold thanked the Senior Minister for Singapore's strong support in Iraq, and expressed the hope that it would continue its support as the United States draws down its troops and looks to Iraqi forces to take a greater role in securing the country. SM Goh responded by urging the United States to stay until Iraq is able to fend for itself and to be certain to leave at a time of our own choosing, not under populist pressure from home or abroad. A move to pull out prematurely and under pressure would only embolden al-Qaeda or the radical Islamists in the region, he said, and would be "a disaster for the whole world."

China-Taiwan Dynamics

¶5. (C) The Ambassador raised Taiwan President Chen Shui Bian's New Year's speech. SM Goh noted that Chinese President Hu and his administration were learning how to react to these provocations. The Chinese now understand that strong reactions only stir up Taiwanese nationalism and rally people around Chen, the SM said. The SM compared the situation to that of Japanese Prime Minister Koizumi's visits to the Yasukuni Shrine -- strong objections from Beijing have only made it politically impossible for Koizumi to back down. Beijing now understands these dynamics, and has adopted a more nuanced approach to both Koizumi and Chen, he said. The SM noted that this "softer" approach is possible in part because President Bush's clear stance against independence is comforting to China, and Beijing now has confidence that Chen's recklessness will be checked.

Islam in Southeast Asia

¶6. (C) Turning to Singapore's relations with Malaysia, SM Goh noted that some outstanding issues remain "minor." Singapore's main worry, the SM said, was the trend toward more religiously conservative societies in the region. This was most advanced in Malaysia, where Malays who a few decades ago were quite secular were now increasingly influenced by

Middle Eastern Islamic thought and becoming increasingly devout. The SM noted that in the past few years the political debate in Malaysia has moved from "secularism and modernization versus Islam" under Mahathir to the opposition's form of Islam versus the Prime Minister's form of Islam under Abdullah Badawi. The Malaysians are now working out what role Islam will play in the country's political life, he said. SM noted the same trend toward religious conservatism in Indonesia.

17. (C) The SM stressed that the changes were not necessarily bad, but they did raise the question of what kind of Malaysia Singapore would be dealing with 20 years from now. Even if it never strays into radicalism, SM Goh said, an increasingly Islamic Malaysia could be a problem. A conservative Malaysia more interested in religion than the kind of economic progress it made under Mahathir could have severe implications for the Singaporean economy -- "if they don't grow, we don't grow."

18. (C) The SM explained that the Singapore government has made a significant effort to ensure that the Malay-Muslim minority is not marginalized or alienated. Malay-Muslims are well integrated into Singapore society. The SM noted, however, that many have followed the trend of becoming increasingly conservative religiously, and that some tend to restrict themselves to their mosque and their Muslim community, where they feel most comfortable. It requires conscious effort, in Singapore's case through grassroots organizations that get them involved in the community, to ensure that Muslims continue to be a part of the broader society, he said.

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